

Message Text

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ACTION AGR-08

INFO OCT-01 NEA-09 ISO-00 INRE-00 SSO-00 NSCE-00 USIE-00

CIAE-00 DODE-00 PM-03 H-01 INR-07 L-02 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 SAB-01 AID-05 COME-00 EB-07

FRB-03 TRSE-00 XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01

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FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC IMMEDIATE 3046

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DEPT PASS AGRICULTURE FOR BECKER OF CCC

E.O. 11652: N/A

TAGS: BTIO

SUBJECT: ARAB BOYCOTT OF ISRAEL: STATEMENT'S BY INTRA INVESTMENT
BOARD CHAIRMAN

REF: BEIRUT 2141

1. KNUT ROYCE, A REPORTER FOR NEWSDAY, HAS BEEN SPEAKING WITH
EMBASSY OFFICERS RE STATEMENTS ON ARAB BOYCOTT BY INTRA INVESTMENT
CHAIRMAN LUCIEN DAHDA, SPECIFICALLY WITH RESPECT TO INTRA INVEST-
MENT'S POLICY ON COLLABORATING WITH THE BOYCOTT (SEE PARA 2 OF
REFTEL). IN BRIEFING ROYCE, FOLLOWING POINTS WERE MADE:

(A) THE CCC HAS A SEAT ON THE INTRA INVESTMENT BOARD IN ITS
CAPACITY AS ONE OF THE MAJOR CLAIMANTS AGAINST THE OLD INTRA
BANK WHICH FAILED. HOWEVER, AS A RESULT OF HAVING RECUPERATED
ABOUT HALF OF ITS ORIGINAL \$22 MILLION CLAIM, ITS TOTAL OWNERSHIP
OF INTRA INVESTMENT SHARES IS NOW ONLY 6.5 REPEAT 6.5 PERSENT.
MOREOVER, THE CCC LAST FALL OFFERED TO SEE TO THE LEBANESE
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GOVERNMENT THESE REMAINING SHARES EQUAL TO A PRICE THAT WOULD

HAVE ENABLED FULL RECUPERATION OF THE ORIGINAL \$22 MILLION CLAIM. THIS OFFER WAS ACCEPTED BY THE GOL AND THE NECESSARY LEGISLATION PASSED IN DECEMBER OF 1974. IT IS ANTICIPATED THAT THE FINAL ARRANGEMENT WILL BE COMPLETED WITHIN THE NEXT FEW EEEKS.

(B) ALTHOUGH THE ARAB BOYCOTT HAS BEEN IN EFFECT BEFORE THE CREATION OF INTRA INVESTMENT COMPANY, IT HAS PLAYED NO ROLE UP TO THE PRESENT IN CONNECTION WITH THE ACTIVITIES OF THE COMPANY. MOREOVER, THE QUESTION OF WHICH BANKS WOULD PARTICIPATE WITH INTRA INVESTMENT COMPANY IN ANY PARTICULAR UNDERWRITING OPERATION IS NOT A MATTER OF BOARD DECISION BUT OF ADMINISTRATIVE DISCRETION LEFT WITH THE BOARD CHAIRMAN. THERE IS NO QUESTION THEREFORE OF ANY REPRESENTATIVE OF THE U.S. GOVERNMENT HAVING CONCURRRED AT ANY TIME WITH A DECISION TO APPLY THE ARAB BOYCOTT. ON THE OTHER HAND, OF COURSE IN LIGHT OF THE CCC'S SMALL REMAINING INTEREST IN INTRA INVESTMENT COMPANY, ANY MOTION TO OPPOSE ADHERENCE TO THE BOYCOTT WOULD BE PER FORCE DEFEATED.

2. ROYCE INDICATED THAT HE WAS FILING A STORY ON INTRA INVESTMENT BOARD THIS AFTERNOON, FEBRUARY 25. ALTHOUGH WE HAVE STRESSED THE TECHNICAL NATURE OF CCC PARTICIPATION IN THE INTRA INVESTMENT COMPANY AND OUR MINORITY INTEREST, WE BELIEVE FROM OUR CONVERSATIONS THAT ROYCE IN HIS ARTICLES WILL RAISE THE ISSUE OF A USG OFFICIAL BEING ON THE BOARD OF A BANK WHOSE CHAIRMAN HAS SUPPORTED PUBLICLY A BOYCOTT POLICY WHICH THE USG OPPOSES. AT THIS POINT THERE WOULD APPEAR LITTLE MORE WE CAN DO FROM THIS END TO SET THE RECORD STRAIGHT. WE CAN COMPLAIN TO DAHDAH, WHO KNOWS THE USG IS OPPOSED TO THE BOYCOTT, BUT HE IS NOT GOING TO RETRACT HIS STATEMENT. THE DEPARTMENT, HOWEVER, MIGHT WISH TO CALL OWNER OF NEWSDAY IN LONG ISLAND (A MR. ATTWOOD) AND PUT OUR MEMBERSHIP ON THE BOARD AND THE PROBLEM OF THE ARAB BOYCOTT IN PROPER CONTEXT. IN ANY EVENT, WE WANTED THE DEPARTMENT TO BE AWARE OF ROYCE'S INTENDED ACTIONS IN ORDER TO PREPARE FOR ANY POSSIBLE REPERCUSSIONS.

HOUGHTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 25 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: WorrelSW
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BEIRUT02527
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750066-0344
From: BEIRUT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750216/aaaaaofe.tel
Line Count: 96
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AGR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 BEIRUT 2141
Review Action: RELEASED, APPROVED
Review Authority: WorrelSW
Review Comment: n/a
Review Content Flags:
Review Date: 13 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 AUG 2003 by izenbei0>; APPROVED <02 DEC 2003 by WorrelSW>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ARAB BOYCOTT OF ISRAEL: STATEMENT'S BY INTRA INVESTMENT BOARD CHAIRMAN
TAGS: BTIO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006